



## U.S. Department of Justice

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### **FORMER NAPERVILLE RESIDENT SENTENCED TO 9 YEARS IN FEDERAL PRISON FOR \$6 MILLION INVESTMENT FRAUD**

ROCKFORD -- PATRICK J. FITZGERALD, United States Attorney for the Northern District of Illinois, JESSE WHITE, Illinois Secretary of State, and KENNETH T. LAAG, Postal Inspector-in-Charge of the United States Postal Service, today announced **TERRY L. SPIRK**, 57 (DOB: 07/24/1949), formerly of Naperville, was sentenced today in federal court to 9 years in federal prison for defrauding investors of more than \$6 million.

United States District Court Judge Philip G. Reinhard sentenced Spirk to 9 years in federal prison to be followed by 3 years on supervised release. Judge Reinhard also ordered Spirk to pay \$6,552,032.52 in restitution to the victims of the fraud and to pay a Special Assessment of \$1,500. Spirk was convicted by a jury on May 23, 2006, of eleven counts of mail fraud, one count of wire fraud, and three counts of the interstate transportation of securities obtained by fraud in connection with a scheme to defraud numerous investors in promissory notes of more than \$5 million. The jury's verdict followed a six-day jury trial. Spirk had been indicted for those crimes on June 8, 2005.

The indictment had charged that Spirk operated Lancaster Annuity Services Co., also known as "LASCO," as well as American Senior Alliance, Inc., Personal Medical Emergency Services, Inc., and American Benefits Group, Inc. in Naperville. The indictment alleged that between May 1998 and February 2001, Spirk had sold more than \$5 million in promissory notes issued by LASCO, and had falsely represented that the investors' monies would be safe when, in fact, LASCO was insolvent. According to the indictment, Spirk secretly converted a substantial portion of the loan proceeds to his own use.

The indictment had charged Spirk with making the following misrepresentations and false promises:

- purchasers of the promissory notes would receive back their principal and interest when LASCO was already in default on promissory notes purchased by previous investors;

- LASCO was financially sound and would repay the promissory notes when it was insolvent and its net earnings were not enough to even pay the interest on the existing promissory notes;
- repayment of the promissory notes would be guaranteed by the proceeds from a life insurance policy on Spirk's life, when the amount of the existing promissory notes exceeded the face amount of the insurance policy and the insurance policy was later cancelled for nonpayment of the premiums;
- the proceeds from the sale of the notes would be used to establish the business activities of Spirk's businesses when Spirk used substantial amounts of the proceeds to pay interest and principal to previous purchasers of the notes; and
- that a Private Placement Memorandum for the sale of stock had been approved by the Illinois Securities Department, when it had not been approved and the Illinois Securities Department had entered an order prohibiting LASCO and Spirk from selling unregistered securities in Illinois.

The investors in the promissory notes came from several states, and included numerous investors in Winnebago, DeKalb, and Ogle Counties.

The case was investigated by agents of the Illinois Securities Department's Enforcement Division, a part of Secretary White's office, and United States Postal Inspectors, and has been prosecuted in United States District Court by Assistant United States Attorneys JOHN G. McKENZIE and SCOTT A. VERSEMAN.

Secretary of State White commented, "In the world of investing, if it sounds too good to be true, it likely is. I encourage the investing public to fully check out a potential investment by first calling the Illinois Securities Department to determine if it is properly registered." The Illinois Securities Department is responsible for regulating the securities industry in Illinois, which includes the registration of investment products and those who sell them. The Department can be reached at 1-800-628-7937.

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